

CITY OF TORRANCE

DEFERRED COMPENSATION PLAN COMMITTEE

August 6, 2014 SPECIAL MEETING MINUTES

Members Present: Ms. Dana Cortez – City Treasurer
Mr. John Fellows – City Attorney
Ms. Leyta Fuentes – Operations/HR Manager
Ms. Mary Giordano – Assistant City Manager
Mr. Eric Tsao – Finance Director

Guests: Mr. Javier Obando, Ms. Thone Gdovin, Ms. Carol Say, (*via conference call*) – Great-West Retirement Services

Committee Consultants: Mr. John Campbell and Mr. Evan Pickering (*via conference call*) - Benefit Funding Services Group (“BFSG”)

CALL TO ORDER

The specially called meeting of the Deferred Compensation Committee (the “Committee”) was called to order at 9:00am.

ROLL CALL

The following members of the Committee were present during roll call of the meeting: Ms. Dana Cortez, Mr. John Fellows, Ms. Leyta Fuentes, and Ms. Mary Giordano.

ACCEPTANCE AND FILING OF THE JUNE 30, 2014 SPECIALLY CALLED MEETING MINUTES

Ms. Dana Cortez, Mr. John Fellows, Ms. Leyta Fuentes, and Ms. Mary Giordano were present and unanimously accepted and approved the June 30, 2014 meeting minutes as written.

INVESTMENT MEETING

I. Stable Value Fund Investment Policy Statement

The Committee continued the discussion from the specially called June 30, 2014 meeting regarding the proposed changes to the Torrance Stable Value Fund Investment Policy Statement. The proposed changes included two portfolio options, both of which introduced an allocation to investment grade corporate debt and non-agency commercial mortgage-back securities (CMBS). The first option included a 25% allocation to corporate debt and 25% allocation to non-agency CMBS. The second “50% of proposed policy” model included an allocation of 13% to corporate debt and 12% to non-agency CMBS.

Ms. Gdovin presented an analysis of the current portfolio, proposed portfolio changes and rationale, methodology of portfolio construction. The presentation included: cash flow run off projections, historical credit rating migrations, credit rating parameters/methodology, and an interest rate shock analysis. At the conclusion of the Great-West presentation, all representatives from Great-West (Mr. Obando, Ms. Gdovin, and Ms Say) were excused from the call.

The Committee weighed the proposals and after discussion voted to approve the second, less extreme proposed option. The Committee agreed it was prudent to allow the fund to purchase additional debt types for the sake of increased diversification, better cash flow control, and more stability in yield/duration. A motion to approve the proposed change to the Stable Value Fund’s Investment Policy Statement was made, seconded, and unanimously approved by all Committee members present at the meeting: Ms. Cortez, Mr. Fellows, Ms. Fuentes, Ms. Giordano, and Mr. Tsao.

RESOLVED, to approve the less extreme changes to the Torrance Stable Value Fund’s Investment Policy Statement as noted above. The Committee will work with Great-West to effectuate their decision and finalize the updated Investment Policy Statement as soon as administratively possible.

CLOSING

A motion to adjourn the Deferred Compensation Committee meeting was unanimously approved by all Committee members present at the meeting: Ms. Cortez, Mr. Fellows, Ms. Fuentes, Ms. Giordano, and Mr. Tsao. The meeting adjourned at 10:30 am.

MOTION APPROVED, Deferred Compensation Plan Committee meeting adjourned.